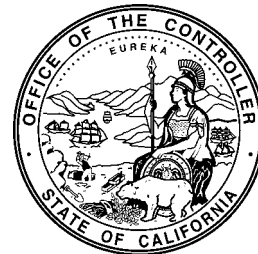


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CALIFORNIA CONTROLLER WESTLY ASKS NYSE TO REFORM BUSINESS MODEL

Sacramento, October 23, 2003 – State Controller Steve Westly today asked for a New York Stock Exchange committee to study how new technology can improve the exchange.

“The NYSE has followed the same basic model for more than 200 years, and common sense says it’s time to explore whether it can be improved,” Westly said. “As State Controller, I want to ensure that the exchange operates to the greatest benefit of investors, especially our pension holders,” Westly said.

The Controller noted that recent accusations against specialists further signal a need for examining the system and assuring investors that integrity is intact.

Controller Westly asked that an NYSE committee consider how to reform the business model using advanced technology and report its finding to the NYSE board. The focus should be on reducing transaction costs, matching buyers and sellers for the best possible prices and avoiding conflicts of interest, the group said. These reforms will serve investors in three ways.

1. **Investors will save money.** Automation can reduce trading costs. The London Stock Exchange and other stock exchanges around the world have shifted from middlemen-based systems to low-cost electronic trading networks. These networks automatically match buyers with sellers. The average cost of completing a trade on the LSE is now lower than on the NYSE or NASDAQ.
2. **Investors will gain confidence in the exchange.** Intermediating every single trade in a stock exposes the specialist to real or perceived conflicts of interest. Concerns over such conflicts have increased, given that specialists have enjoyed growing business and profit margins of almost 25% while small investors were pummeled. Last month, the Securities and Exchange Commission launched an extensive probe into possible abuses by NYSE floor specialists. This comes amid an ongoing investigation by NYSE that has already resulted in a fine for a firm handling stock in one of the nation’s largest companies.
3. **Investors will benefit quickly.** Appropriate technologies, such as efficient auctioning mechanisms, exist right now. These can be installed to start saving money almost immediately.

The Controller, who previously was a Senior Vice President at eBay, said he has seen technology lead to success. “People may resist change, but the status quo is eroding the integrity of the NYSE. Technology can provide the access and transparency needed for all parties to succeed and prosper.”